

check & memo -  
T: AAA  
Licensing Page 1

Note for Liebengood, Howard

**From:** Walls, Tina  
**Date:** Thu, Oct 5, 1995 10:57 AM  
**Subject:** Phone Call with Safeway on Wed  
**To:** Keane, Denise; Laufer, David; Merlo, Ellen; Slavitt, Josh; Spector, James  
**Cc:** Carney, Alfonso; Crawford, Derek; Liebengood, Howard; Parrish, Steve; Scott, Tracey

Yesterday I spoke with John Sheppard, the govt affairs representative, Jonathon Mayes, their legal counsel, and Bridget Flannigan, public affairs staff based in Portland about the AAA program. Al Carney and Tracey Scott joined me on the call.

John indicated, when he called earlier this week, that he needed to talk asap, he wanted to talk about licensing, and he would be joined by Jonathon and Bridget.

*Southland problem*  
John's points were focused on the licensing issue. He asked for pm's position on licensing; whether we would consider reversing our support for licensing; how we could pursue such a program without consulting with the retailers; why pm, as a manufacturer, pursued the program given we're not in the retail business; why we are continuing to run ads re: the licensing and other issues and creating problems for the retailers, etc.

He also suggested that he would be happy to help pm with its program by supporting "source tagging" at the manufacturers level to reduce teenage pilferage of the product, fda's call for a total ban on advertising which from his perspective would help all manufactures save money, join the other side to run program against teenage smoking, and conduct a cost benefit analysis of selling the product in Safeway stores.

Bottom line--he wants pm to reverse its position on supporting licensing and to stop advertising the aaa program. he didn't want to discuss the fda and hhs's expected action, aspects of the aaa program which safeway or fmi could support, etc. all of these issues were addressed and i stated that to my knowledge we had not embarked on passing proactive licensing legislation in OR, CA or CO or any other state.

we agreed to help each other better understand what sanctions are already in place in each state to penalize retailers who sell cigarettes to minors. Josh--please provide the licensing section of your 50 state chart to Peter Larkin if legal agrees. I know Al wanted to review and I suspect Denise will want to also. I do think it will help keep the communication open with the public affairs committee at fmi.

The public affairs committee of FMI is meeting on Friday to continue its discussion of the aaa program and i suspect the industry supported unified program.

Al and Tracey--feel free to add more detail of our 1 and 1/2 hour conference call.

Also--I strongly recommend that we discuss the letters which we plan to send to each state asking for violation information and whether or not we want to give the retail community prior notice that the letter is being sent.

Comments?

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